

February 17, 1960

9:30 - The President telephoned regarding his press conference. The President said on the Panamanian thing, if they get the flag, wouldn't it be a good thing for the President to say that when former Amb. Arias was here before returning to Panama to run for the Presidency that the President had related to Arias the things we were trying to do freely to be conciliatory and generous in our attitude. The President said Arias knows this and the President assumes all his government knows it, but the President said we ~~XXX~~ are not going to negotiate anything under duress. Secy said we haven't sent information on the flag business because it is in the midst of conflicting and difficult circumstance in which they are threatening further demonstrations. The President asked about third country purchases in the Canal Zone, and the Secretary said this has been all ironed out. 2) The President asked about our suggested answer to a question concerning press reports the the U.S. would accept East German controls on access to Berlin. The President said he thought he should indicate "if acting as ~~XXXXXX~~ agents of the Soviets". This President said it seemed to him just saying he was not going to comment on this kind of speculation would be bad. The Secretary said he thought this was yet unresolved and was being discussed ~~X~~ in contingency planning. The President asked the Secretary to take a look at the briefing paper and see if the Secretary feels the suggested answer is the right one.

10:00 - Telephoned the President (beginning of call not monitored). Secy said we are in agreement we will only accept East German controls if East Germans are declared as agents of the Soviets. Secy said answer was suggested because of our worry anything more might lead to further questions and this gets into the question of our contingency planning. 2) On what might be discussed at the Summit, Secy said this is still under discussion between us and while matters under discussion, not appropriate to comment. President said he thinks best thing to say about Summit is that we are keeping in closest touch with our German friends. Secy said our British, French and German allies. 3) The President asked about the rather curt suggested answer to question about arms to Israel. The President said the question won't come like this; it is more apt to come along the lines that in view of the fact that Nasser, Iraq and Syria have gotten Soviet arms, what do we do. The Secretary said we have just gotten a shopping list from the Israelis for a quarter of a billion dollars. Secy said they know we have repeatedly told them we won't be a major supplier and they have been buying from the British and French, although we have

supplied small items. The Secretary said the Israelis have put two alternatives before us: 1) that we supply these arms gratis and 2) if we can't supply the arms themselves, then they want us to arrange with them on our general economic aid to release funds so they can buy the arms themselves. The Secy said their shopping list is asking for tanks, squadrons of 104's; that it is a tremendous list. The President asked if the Israelis were getting impatient with supplies from British and French. The Secretary said no; it is a question that the Israelis don't think they have the money and they want us to step into the breach. The Secretary said we had no idea what the amount involved was until we had it priced out today. The Secretary said he feared this is going to be the beginning of a concerted drive by the Israelis and their supporters here. The President ~~XX~~ said he didn't mind saying "go to hell" on that.

